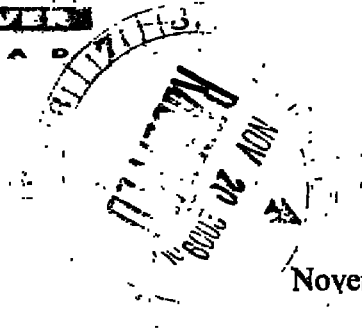




226070



November 10, 2009

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-0001

ENTERED
Office of Proceedings

NOV 25 2009

Part of
Public Record

RE: Finance Docket 30186 (Sub No. 2), Tongue River
Railroad Co. -- Rail Construction and Operation --
Ashland to Decker, Montana

Dear Mr. Williams:

I am submitting, on behalf of the Tongue River Railroad Company, an original and ten copies of our four-month progress report for the latest four-month period, pursuant to the Surface Transportation Board's favorable decision served November 8, 1996 in FD 30186 (Sub-No. 2).

Please note that a copy of the four-month report has been served only on the Parties of Record identified in the Surface Transportation Board's complete service list served October 3, 2003 and amended in a notice served by the Surface Transportation Board on October 24, 2003. We will continue to serve the four-month report on these parties.

Sincerely,

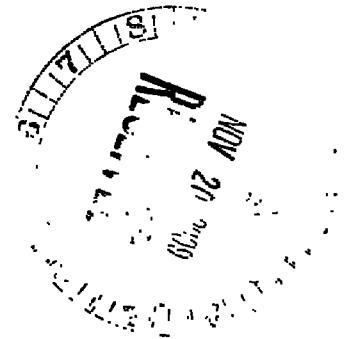
Douglas A. Day
Representative for the
Tongue River Railroad Company

Enc.
cc: Parties of record

TONGUE RIVER RAILROAD COMPANY, INC.

**Four-Month Report
to the
Surface Transportation Board**

November 10, 2009



The Surface Transportation Board ("Board") served its decision in STB Finance Docket No. 30186 (Sub-No. 3) on October 9, 2007 granting the application of Tongue River Railroad Company, Inc. ("TRRC") to construct and operate a 17.3-mile rail line known as the Western Alignment in Rosebud and Big Horn Counties, Montana. The decision became effective on November 8, 2007.

Certain parties sought judicial review of the Board's decision by filing petitions for review in the U.S. Court of Appeals for the Ninth Circuit. The Court has placed the briefing of the *TRRC II* and *TRRC III* cases on hold pending resolution of certain administrative record issues. The administrative record issues remain pending.

TRRC continues to work with the staff and counsel of the Montana Department of Fish Wildlife & Parks ("MFWP") to reach agreement on the terms of an Easement Agreement allowing the TRRC line to cross a portion of the Miles City Fish Hatchery property.

As previously reported TRRC participated in a MFWP Commission ("Commission") meeting on July 9, 2009. MFWP staff presented the current draft of the easement agreement to the Commission and responded to questions raised by the Commission. The Commission accepted public comments on the draft easement agreement. The Commission decided to delay a decision on the adoption of the easement agreement pending further review of information to be prepared by MFWP staff and TRRC in response to the Commissions questions raised during the previous days working session and the Commission meeting. In the most recent communications with the Commission, TRRC was advised that the Commission would not address the easement in the coming months. TRRC continues efforts to work with the Commission and MFWP staff and respond to any remaining Commission questions.

TRRC applications to other Montana state agencies for easements for the rail line to cross other state lands remain pending.

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of November, 2009, a copy of the foregoing document was served via first class mail, postage prepaid, to the following Parties of Record:

Jake DeBoever
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Betty Jo Christian
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1659 Highland Ave
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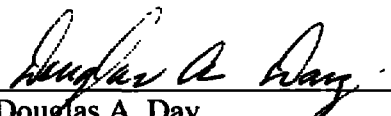
Stephen Valentine III
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Lonnie J. Wright
Diamond Cross Ranch
P. O. Box 70
Big Horn, WY 82833-070

Member of Congress
Honorable Conrad Burns
United States Senate
Washington, DC 20510

Member of Congress
Honorable Max Baucus
United States Senate
Washington, DC 20510

Honorable Barbara Cubin
US House of Representatives
1114 Longworth House Office Building
15 Independence Avenue, S.E.
Washington, DC 20515

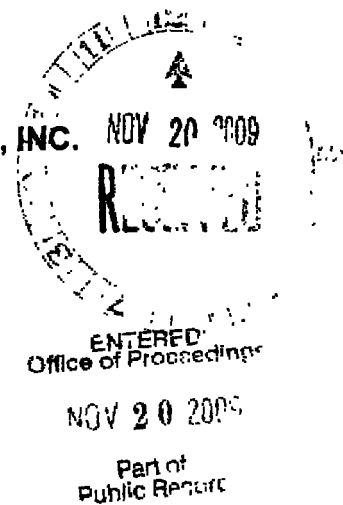


Douglas A. Day
Tongue River Railroad Company
2280 Grant Road, Suite B
Billings, MT 59102

TONGUE RIVER RAILROAD COMPANY, INC.

**Four-Month Report
to the
Surface Transportation Board**

November 10, 2009



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